

## Operational Results for H1 2020

Metalloinvest (the “Company”), a leading global iron ore and merchant HBI producer and supplier, and one of the regional producers of high-quality steel, today announces its operational results for the first half of 2020.

### Management comments

Nazim Efendiev, CEO of Management Company Metalloinvest, commented:

“In the first half of 2020, the Company demonstrated strong year-on-year growth in the production and shipments of all key products, namely iron ore concentrate, pellets, HBI and steel. The implementation of our strategy to increase the share of high quality products in our product mix will further improve the sustainability of our sales in the face of volatility in commodity markets and the global economy as a whole.”

#### Production by product

tonnes '000	H1 2020	H1 2019	Change	Q2 2020	Q2 2019	Change
Iron ore <sup>1</sup>	20,183	19,665	2.6%	9,891	10,063	-1.7%
Pellets	14,156	14,071	0.6%	7,086	7,230	-2.0%
HBI/DRI	4,113	4,049	1.6%	2,027	2,029	-0.1%
Hot metal	1,264	1,362	-7.2%	576	684	-15.8%
Crude steel	2,542	2,430	4.6%	1,270	1,246	1.9%

#### Shipments<sup>2</sup> by product

tonnes '000	H1 2020	H1 2019	Change	Q2 2020	Q2 2019	Change
Iron ore <sup>1</sup>	3,438	3,171	8.4%	1,573	1,547	1.7%
Pellets	7,532	6,890	9.3%	3,874	3,554	9.0%
HBI/DRI	2,375	2,322	2.3%	1,262	1,098	14.9%
Pig iron	703	926	-24.1%	382	394	-3.0%

<sup>1</sup> Hereinafter iron ore refers to iron ore concentrate and sintering ore

<sup>2</sup> Due to the transition to a new integrated financial and business operations management system based on SAP S/4HANA it was changed the methodology to disclose shipments. Starting from 01.01.2020 the export supplies are presented as the shipments to the final customer from the warehouses of Metalloinvest Trading AG (until 31.12.2019, exports are represented by shipments from the warehouses of plants)

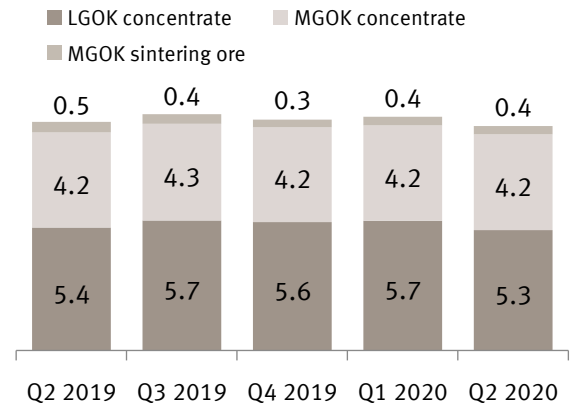
## 1 Iron ore products

### 1.1 Production

- In H1 2020, iron ore production increased by 2.6% y-o-y<sup>3</sup> and amounted to 20.2 mn tonnes. Growth was driven by an increase in productivity due to the processing of higher quality ore and the reduction of iron ore consumption for concentrate. In Q2 2020, production volumes decreased by 1.7% y-o-y and amounted to 9.9 mn tonnes. This is mainly explained by scheduled maintenance works at beneficiation workshops #1 and #3 in Q2 2020
- In H1 2020, pellet production increased by 0.6% y-o-y and amounted to 14.2 mn tonnes mainly as a result of an increase in productivity due to a change in the pellet product mix. In Q2 2020, pellet production decreased by 2.0% y-o-y primarily due to the scheduled major maintenance works at Pellet Plant #2 at MGOK<sup>4</sup> in Q2 2020
- In H1 2020, the Company produced 4.1 mn tonnes of HBI/DRI, which represents 1.6% growth y-o-y. This is mainly explained by an increase in productivity

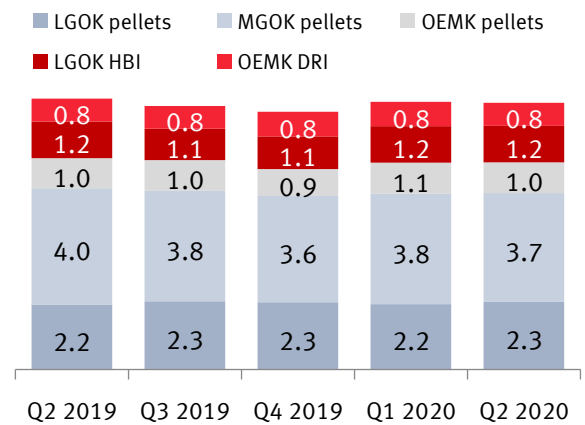
### Iron ore production

mn tonnes



### Pellets and HBI/DRI production

mn tonnes



<sup>3</sup> Hereinafter y-o-y represents change in H1 2020 vs. H1 2019 or Q2 2020 vs. Q2 2019 respectively (if not stated otherwise)

<sup>4</sup> Hereinafter MGOK represents Mikhailovsky GOK



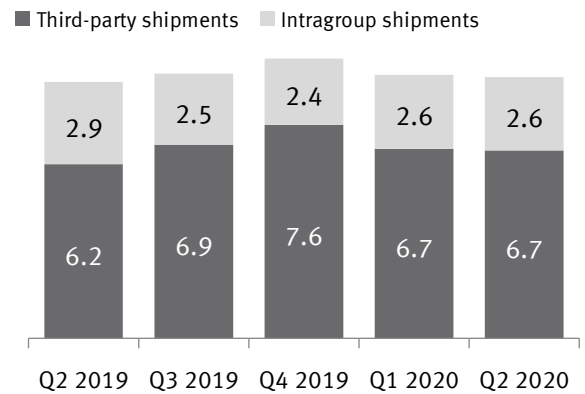
## 1.2 Shipments

- In H1 2020, the total volume of iron ore product shipments to third parties increased by 8.4% y-o-y and amounted to 13.5 mn tonnes. This is mainly due to an increase in shipments of pellets to China
- HVA<sup>5</sup> iron ore products (pellets and HBI/DRI) continue to prevail in the total volume of iron ore product shipments and amounted to 74% in H1 2020 and in H1 2019
- The share of iron ore product shipments to the domestic market decreased to 47% in H1 2020 compared to 55% in H1 2019 due to an increase in export shipments
- In H1 2020, the Company increased the volume of export shipments by 28.3% y-o-y due to an increase in shipments to Asia (by two times)



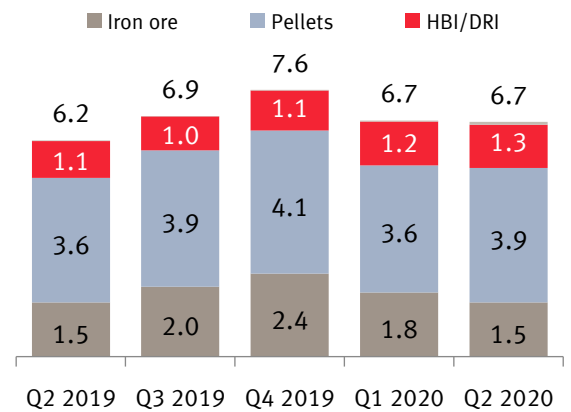
### Shipments of iron ore products

mn tonnes

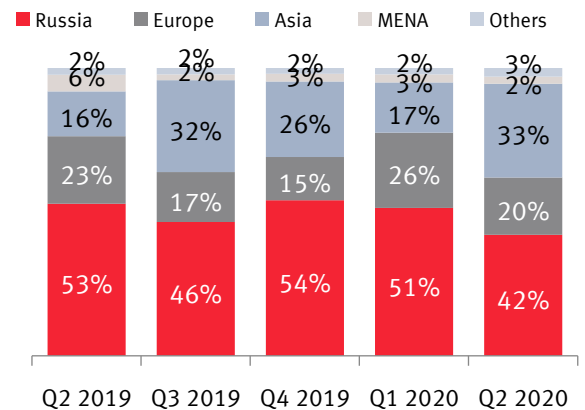


### Shipments to external customers

mn tonnes



### Shipments by region\*



\* Shipments of iron ore, pellets and HBI/DRI

<sup>5</sup> HVA – high value-added

## 2 Pig iron and steel products

### 2.1 Production

- In H1 2020, Metalloinvest produced 1.3 mn tonnes of hot metal, which represents 7.2% decrease y-o-y. This is mainly due to a decrease in productivity of Blast Furnace #3 at Ural Steel
- Crude steel production increased by 4.6% y-o-y to 2.5 mn tonnes. This growth was mainly a result of the reconstruction of FMF<sup>6</sup> #2 at Ural Steel in H1 2019 and the increase in productivity following a change in the product mix at OEMK

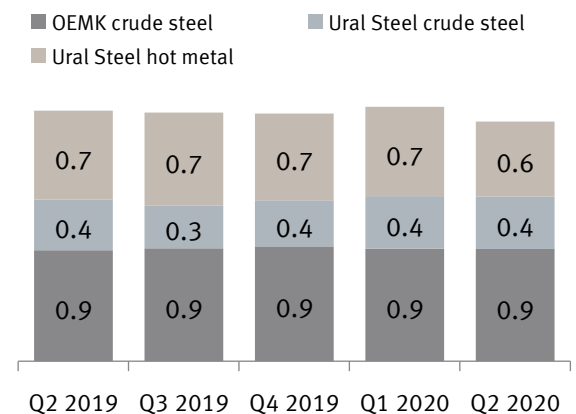
### 2.2 Shipments

- As a result of a decrease in hot metal production, as well as an increase of internal pig iron consumption to secure steel production growth, pig iron supplies to third parties decreased from 0.9 mn tonnes in H1 2019 to 0.7 mn tonnes in H1 2020
- The share of HVA<sup>7</sup> steel product shipments amounted to 35% in H1 2020 (compared to 46% in H1 2019)
- In H1 2020, pig iron and steel product shipments to the Russian market decreased by 3.4% y-o-y and amounted to 31% (31% in H1 2019)



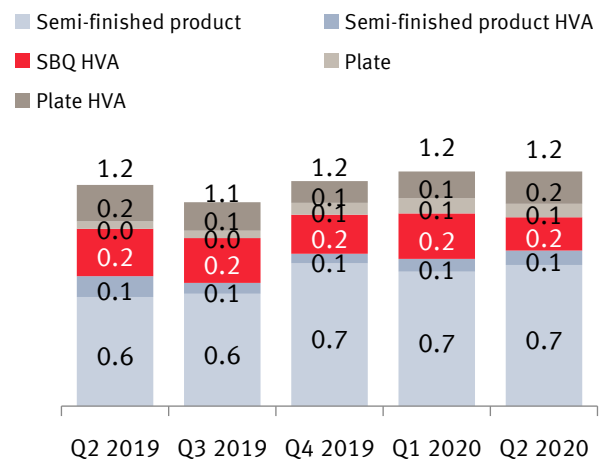
### Production of steel products

mn tonnes



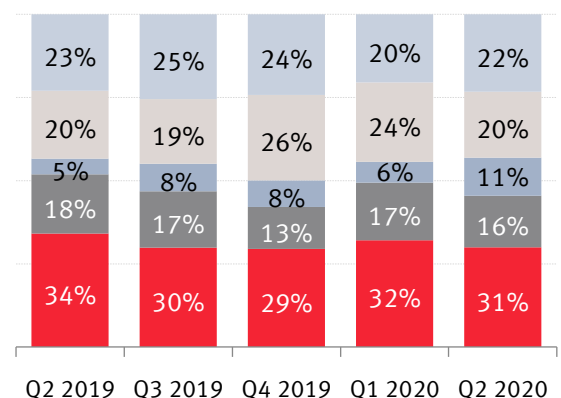
### Shipments to external customers

mn tonnes



### Shipments by region\*

■ Russia ■ Europe ■ Asia ■ MENA ■ Others



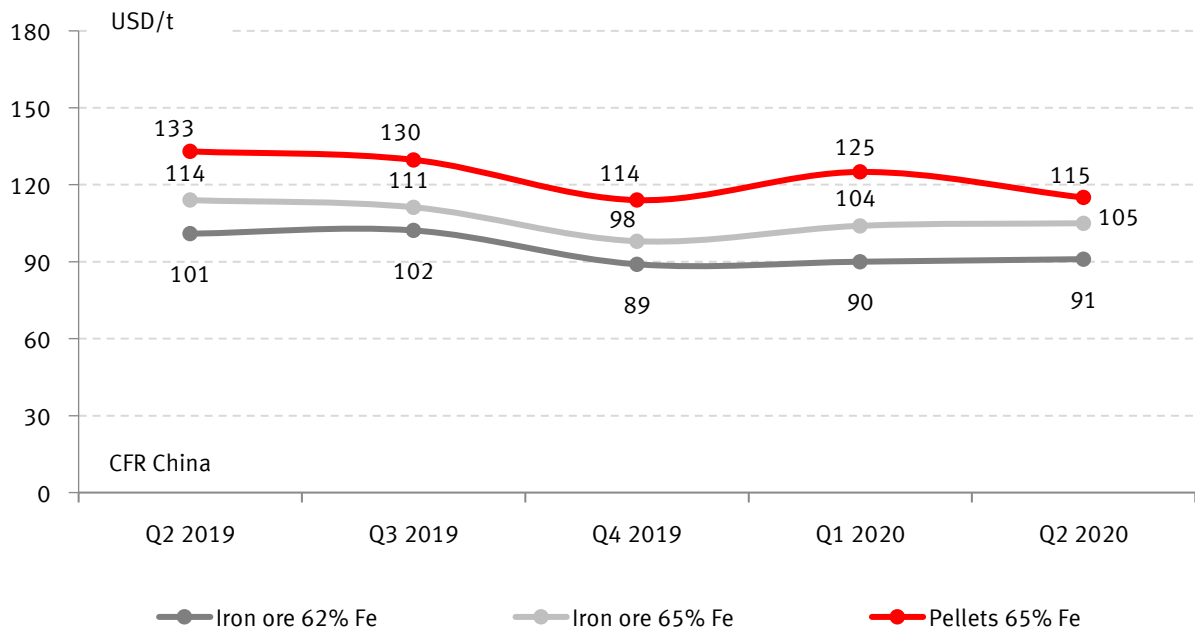
\* Shipments of pig iron and steel products

<sup>6</sup> FMF – Flexible Modular Furnace

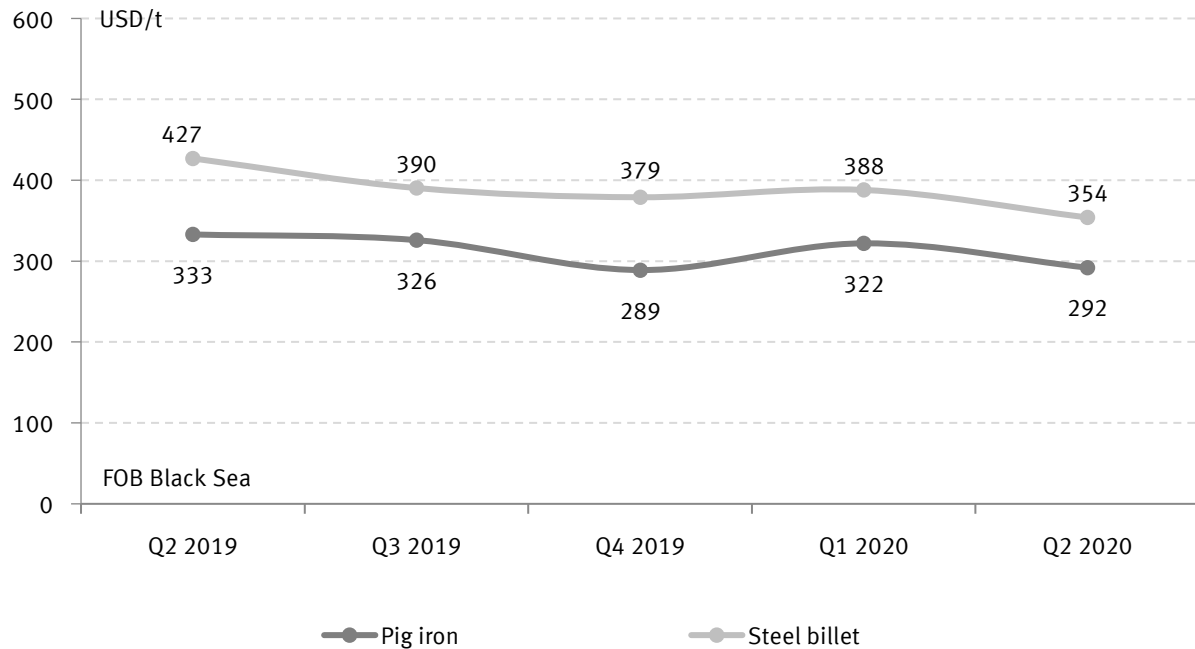
<sup>7</sup> The list of steel products by types is presented in the Appendix below

### 3 Global iron ore and steel indices<sup>8</sup>

#### 3.1 Iron ore products



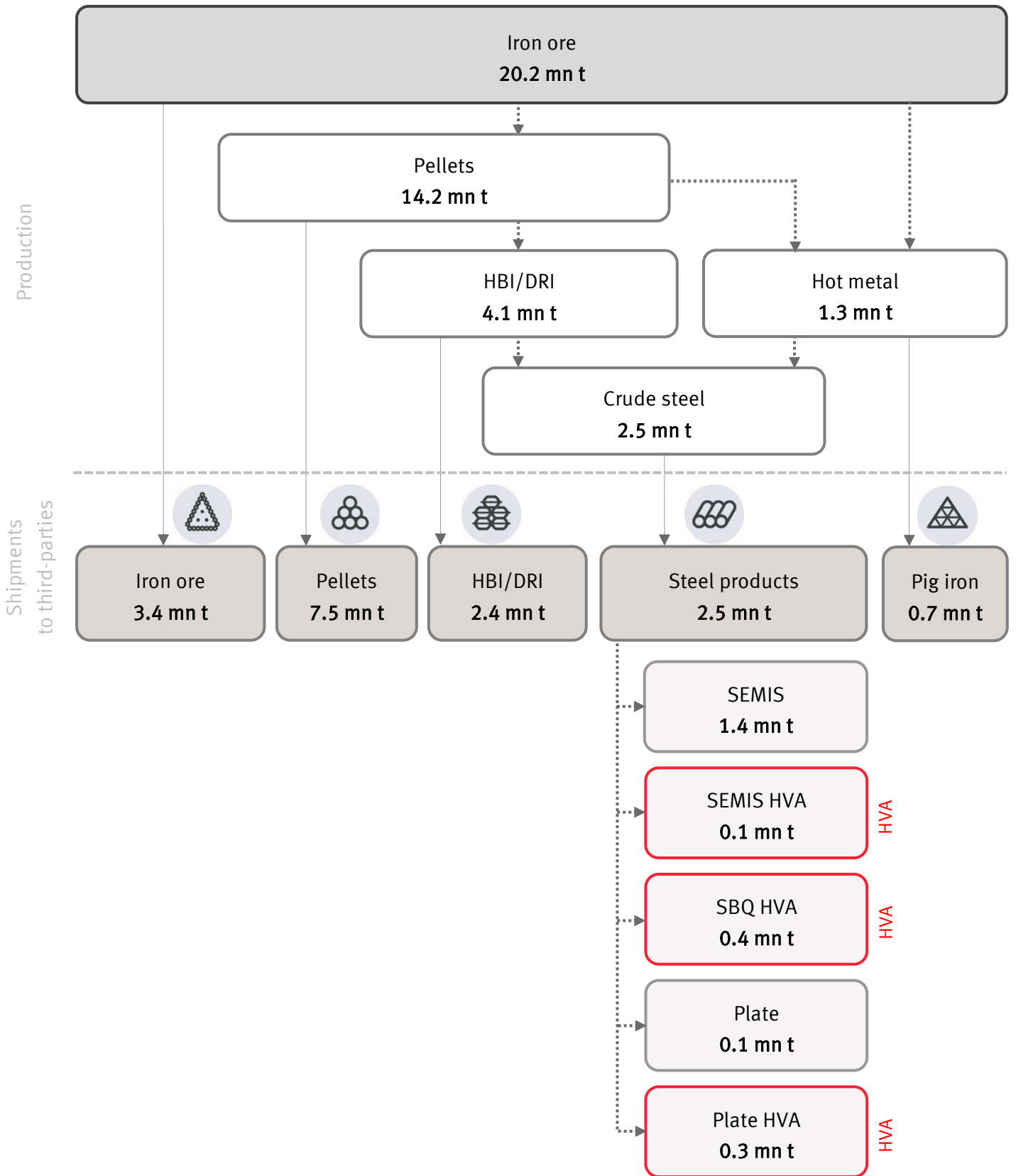
#### 3.2 Pig iron and steel



<sup>8</sup> Source: Fastmarkets, quarterly average



Production and shipments for H1 2020



**Appendix**
Metalloinvest consolidated results – Iron ore products
**Production**

tonnes '000	H1 2020	H1 2019	Change	Q2 2020	Q2 2019	Change
Iron ore*	20,183	19,665	2.6%	9,891	10,063	-1.7%
Pellets	14,156	14,071	0.6%	7,086	7,230	-2.0%
HBI/DRI	4,113	4,049	1.6%	2,027	2,029	-0.1%

**Shipments by product\*\***

tonnes '000	H1 2020	H1 2019	Change	Q2 2020	Q2 2019	Change
Iron ore*	3,438	3,171	8.4%	1,573	1,547	1.7%
Pellets	7,532	6,890	9.3%	3,874	3,554	9.0%
HBI/DRI	2,375	2,322	2.3%	1,262	1,098	14.9%
Other***	109	28	>100%	83	16	>100%
Total shipments	13,454	12,410	8.4%	6,793	6,214	9.3%

**Shipments by region\*\*\*\***

tonnes '000	H1 2020	H1 2019	Change	Q2 2020	Q2 2019	Change
Russia	6,276	6,815	-7.9%	2,856	3,287	-13.1%
Europe	3,099	3,059	1.3%	1,353	1,455	-7.0%
Asia	3,375	1,672	>100%	2,210	969	>100%
MENA	356	554	-35.7%	170	355	-52.1%
Other	349	311	12.2%	204	148	37.8%
Total shipments	13,454	12,410	8.4%	6,793	6,214	9.3%

\* Iron ore refers to iron ore concentrate and sintering ore

\*\* Due to the transition to a new integrated financial and business operations management system based on SAP S/ 4HANA it was changed the methodology to disclose shipments. Starting from 01.01.2020 the export supplies are presented as the shipments to the final customer from the warehouses of Metalloinvest Trading AG (until 31.12.2019, exports are represented by shipments from the warehouses of plants)

\*\*\* HBI fines and pellets screening at LGOK

\*\*\*\* Iron ore, pellets, HBI/DRI, HBI fines and pellets screening

**Appendix (continued)**
**Metalloinvest consolidated results – Pig iron and steel products**
**Production by product**

tonnes '000	H1 2020	H1 2019	Change	Q2 2020	Q2 2019	Change
Hot metal	1,264	1,362	-7.2%	576	684	-15.8%
Crude steel	2,542	2,430	4.6%	1,270	1,246	1.9%

**Shipments by product\***

tonnes '000	H1 2020	H1 2019	Change	Q2 2020	Q2 2019	Change
Pig iron	703	926	-24.1%	382	394	-3.0%
Steel products, incl.**:	2,456	2,294	7.1%	1,228	1,168	5.1%
SEMIS	1,441	1,151	25.2%	738	597	23.6%
SEMIS HVA	143	198	-27.8%	75	97	-22.7%
SBQ HVA	413	500	-17.4%	175	250	-30.0%
Plate	149	92	62.0%	69	33	>100%
Plate HVA	309	352	-12.2%	170	191	-11.0%
Total shipments, incl.:	3,159	3,220	-1.9%	1,609	1,562	3.0%
Steel products HVA	865	1,050	-17.6%	421	538	-21.7%

**Shipments by region**

tonnes '000	H1 2020	H1 2019	Change	Q2 2020	Q2 2019	Change
Russia	980	1,014	-3.4%	482	533	-9.6%
Europe	518	444	16.7%	250	277	-9.7%
Asia	280	174	60.9%	183	74	>100%
MENA	689	757	-9.0%	320	318	0.6%
Other	691	832	-16.9%	374	360	3.9%
Total shipments	3,159	3,220	-1.9%	1,609	1,562	3.0%

\* Due to the transition to a new integrated financial and business operations management system based on SAP S/ 4HANA it was changed the methodology to disclose shipments. Starting from 01.01.2020 the export supplies are presented as the shipments to the final customer from the warehouses of Metalloinvest Trading AG (until 31.12.2019, exports are represented by shipments from the warehouses of plants)

\*\* Steel product categories include:

SEMIS – blum, cast squares, square billets from OEMK and cast billets from Ural Steel

SEMIS HVA – pipe billets from OEMK

SBQ HVA – long products, wire coils from OEMK

Plate – flat products from Ural Steel

Plate HVA – strips, construction plate and bridge steel products from Ural Steel



**Appendix (continued)**
**Metalloinvest operational results – Mining segment**
**LGOK**
**Production by product**

tonnes '000	H1 2020	H1 2019	Change	Q2 2020	Q2 2019	Change
Concentrate	11,011	10,435	5.5%	5,305	5,414	-2.0%
Pellets	4,543	4,423	2.7%	2,308	2,229	3.5%
HBI	2,490	2,431	2.4%	1,241	1,240	0.1%

**Shipments by product**

tonnes '000	H1 2020	H1 2019	Change	Q2 2020	Q2 2019	Change
Concentrate	5,614	5,219	7.6%	2,624	2,789	-5.9%
Pellets	762	861	-11.5%	451	413	9.2%
HBI	2,517	2,507	0.4%	1,342	1,229	9.2%
Other	203	231	-12.1%	97	105	-7.6%
Total shipments	9,096	8,817	3.2%	4,513	4,536	-0.5%

**Inc. intragroup shipments**

Concentrate	3,199	3,405	-6.0%	1,566	1,847	-15.2%
Pellets	138	245	-43.7%	67	120	-44.2%
HBI	220	276	-20.3%	113	176	-35.8%
Other	94	203	-53.7%	13	89	-85.4%

**MGOK**
**Production by product**

tonnes '000	H1 2020	H1 2019	Change	Q2 2020	Q2 2019	Change
Sintering ore	755	873	-13.5%	378	460	-17.8%
Concentrate	8,416	8,357	0.7%	4,208	4,189	0.5%
Pellets	7,505	7,584	-1.0%	3,729	3,971	-6.1%

**Shipments by product**

tonnes '000	H1 2020	H1 2019	Change	Q2 2020	Q2 2019	Change
Sintering ore	654	775	-15.6%	348	449	-22.5%
Concentrate	1,279	1,234	3.6%	693	374	85.3%
Pellets	7,569	7,253	4.4%	3,806	3,726	2.1%
Total shipments	9,502	9,263	2.6%	4,847	4,549	6.6%

**Inc. intragroup shipments**

Sintering ore	111	112	-0.9%	76	112	-32.1%
Concentrate	798	541	47.5%	450	107	>100%
Pellets	661	979	-32.5%	315	465	-32.3%

**Appendix (continued)**
Metalloinvest operational results – Steel segment
**OEMK**
**Production by product**

tonnes '000	H1 2020	H1 2019	Change	Q2 2020	Q2 2019	Change
Pellets	2,108	2,063	2.2%	1,049	1,030	1.8%
DRI	1,622	1,618	0.2%	786	789	-0.4%
Crude steel	1,731	1,705	1.5%	865	854	1.3%

**Shipments by product**

tonnes '000	H1 2020	H1 2019	Change	Q2 2020	Q2 2019	Change
DRI	78	91	-14.3%	33	44	-25.0%
Steel products	1,728	1,620	6.7%	860	815	5.5%
Total shipments	1,805	1,710	5.6%	894	859	4.1%

**Ural Steel**
**Production by product**

tonnes '000	H1 2020	H1 2019	Change	Q2 2020	Q2 2019	Change
Hot metal	1,264	1,362	-7.2%	576	684	-15.8%
Crude steel	812	725	12.0%	405	391	3.6%

**Shipments by product**

tonnes '000	H1 2020	H1 2019	Change	Q2 2020	Q2 2019	Change
Pig iron	703	926	-24.1%	382	394	-3.0%
Steel products	728	674	8.0%	367	353	4.0%
Total shipments	1,431	1,601	-10.6%	749	748	0.1%



**IR contacts**



**Artem Lavrishev**

Director of Finance and Economics Development Department

T: +7 (495) 981 55 55, ext. 7243

E: [ir@metalloinvest.com](mailto:ir@metalloinvest.com)

**PR contacts**



**Anton Troshin**

Director of Corporate Communications Department

T: +7 (495) 981-55-55, ext. 7629

E: [pr@metalloinvest.com](mailto:pr@metalloinvest.com)

Metalloinvest is a leading global iron ore and merchant HBI producer and supplier, and one of the regional producers of high-quality steel. The Company has the world's second-largest measured iron ore reserve base and is one of the lowest-cost iron ore producers.

Metalloinvest is wholly owned by Holding Company USM LLC. Alisher Usmanov is the major beneficiary of Holding Company USM LLC (49%).